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merce. All contracts "shall stipulate some one of the staple articles as the Regulator Article," and shall be revised at maturity by an "equal division between debtor and creditor of any variation in the value of the article of physical wealth so selected. . . . in terms of money" (p. 53). In this form the suggestion is entirely worthless. An index number, compiled from a very comprehensive range of price quotations might serve as a measure of variations in the value of money, and thus as a basis for the equitable revision of contracts; but no single commodity could possibly perform that function.

Other suggestions include profit-sharing, taxation of incomes, and compulsory insurance of working men. These are made entirely subsidiary to the main thesis of the book. The discussion—it can hardly be called reasoning—by which the above propositions are supported is lacking in breadth of view; it is often illogical and even hysterical; and it is always unconvincing because of the evident bias induced by the advocacy of a panacea. The style is rambling and incoherent, with endless repetitions. The confusion of thought finds a parallel in numerous incomplete sentences (e. g. pp. 50, 51). The book is of no value as a clear contribution to the solution of a difficult problem.

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The Independent Treasury of the United States and its Relations to the Banks of the Country. By DAVID KINLEY. National Monetary Commission. Senate Doc., 61 Cong., 2 Sess., No. 587. (Washington. 1910. Pp. 370.)

It seldom occurs that a book, after an existence of eighteen years without a revision, merits an overhauling and a new form. Professor Kinley's work on *The Independent Treasury* is one of the exceptions, the National Monetary Commission having invited its revision. The omissions from the old edition aggregate nearly 100 pages, one half of which is taken from chapters dealing with proposals for the replacement of the subtreasury system and with the reorganization of the banking system. Of other omissions, found on almost every page, some correct crudities of expression and eliminate figurative language which frequently marred the text, and some represent changes of opinion due to maturer judgment. Upon the whole one third of the present volume is new and the revised product is a marked improvement over the old.

The early chapters, dealing with the historical phases of the subject and covering the vacillating policy indulged in by the United States in keeping its deposits with banks, or with individual officers of government, or in its own vaults, are, except as to recent developments, given to us practically as they appeared in the former edition. In bringing this material down to the present, opportunity is afforded to show Secretary Gage's larger use of the banks as depositaries, and Secretary Shaw's fully developed policy of continuous regulation of the money market. Following upon the practices of these secretaries, we have recent legislation which, in effect, destroys the distinction between the subtreasury and the national banks as places for depositing public money.

The principal thesis of the old edition, viz., the explanation of the influence of the independent treasury operations upon the money market and hence upon the business community, is retained; but it is given, in large degree, a new setting and illustrated by new material. The sixty years of activity of the system fall fairly well into five periods: (1) one of quiescence beginning in 1846, (2) the civil war period, (3) the paper money period to 1879, (4) a second period of quiescence extending to the early nineties, and (5) the one covered by the last 15 or 18 years. It is only under the first and fourth of these periods that the system has "operated under normal conditions." During the other three periods its disadvantages have far outweighed the advantages, because the tremendous growth in the receipts and disbursements of the government and the assumption by the independent treasury, in larger measure, of certain functions of a bank of deposit and issue, necessitated such intimate relations between the treasury and the business community that the activities of the former became almost continuously injurious to the latter. It is to the last period that the author especially directs his attention in giving support to his thesis. The conduct of the Treasury Department in connection with the crises of 1893 and 1907 and during the years of prosperity and depression since 1892, is illustrated by elaborate tables of statistics and charts. The effect on bank reserves of the strikingly irregular intake and output of currency due to the operations of this department is well set forth. It is Mr. Kinley's conception of the influence on prices of these irregular and mostly arbitrary additions to bank reserves and withdrawals from them that forms the crucial point in his entire argument. And on this head it is to be said that students

who have been hitherto unable to agree with him as to the extent and importance of this influence, while acknowledging the direction of it, will remain unconvinced by this later presentation. The author is in accord with former Secretary Cortelyou, who held that so long as the subtreasury system shall retain a legal existence, the head of the treasury must regard his department as the proper and necessary safety valve in periods of monetary difficulty.

A few statements are not correct: e.g., the lowest denomination of gold certificates is not at present \$20 (pages 100 and 109), and treasury notes of 1890 are no longer exchanged for silver bullion (page 100). It is a pity to publish the volume without an index.

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Lombard Street. By WALTER BAGEHOT. Revised with introduction by HARTLEY WITHERS. (New York: Dutton and Company. Pp. xxviii, 372. 1910).

If one were writing a review of a new edition of the *Wealth of Nations* for an economic journal he would hardly have the temerity to dwell on the content of the original text. In a similar attitude one must approach the masterpiece of Bagehot. In the field of banking and credit of the early seventies, Bagehot performed much the same service that Smith did in the larger field of production and exchange of a century before. Each painted a faithful picture of a complex subject, for the most part inscrutable to his intelligent contemporaries. The student today finds it hard to appreciate the significance of either of these works simply because the principles there expounded have become matters of general knowledge and acceptance by reason of the accuracy and completeness of their exposition.

The editor of this thirteenth edition has at no place disturbed the work of Bagehot, but by a series of notes has brought facts and statistics down to date. In an interesting introduction he has drawn attention to the changes which have taken place in British and world finance in the space of nearly forty years that have passed since *Lombard Street* was written. Most striking has been the change that has come in the relations of the Bank of England. From a commanding position as the central force in maintaining the gold standard, when inconvertible paper was almost everywhere dominant outside of Great Britain, it has come to be